

**Ferring Pharmaceuticals A/S
Central Business Registration No
16313440
Kay Fiskers Plads 11
DK-2300 Copenhagen**

Annual report 2015

The Annual General Meeting adopted the annual report on 30.03.2016

Chairman of the General Meeting

Name: Ole Kjerulf-Jensen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Accounting policies	9
Income statement for 2015	14
Balance sheet at 31.12.2015	15
Statement of changes in equity for 2015	17
Cash flow statement 2015	18
Notes	19

Entity details

Entity

Ferring Pharmaceuticals A/S
Kay Fiskers Plads 11
DK-2300 Copenhagen

Central Business Registration No: 16313440

Founded: 01.08.1992

Registered in: Copenhagen

Financial year: 01.01.2015 - 31.12.2015

Phone: +4588338834

Internet: www.ferring.com

Board of Directors

Ole Kjerulf-Jensen, Chairman
Pascal Rene Olivier Danglas
Frederik Dag Arfst Paulsen

Executive Board

Marianne Kock

Bank

Danske Bank
Holmens Kanal 2
DK-1090 Copenhagen

Lawyer

Plesner
Amerika Plads 37
DK-2100 Copenhagen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
DK-0900 Copenhagen

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Ferring Pharmaceuticals A/S for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations and cash flows for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 30.03.2016

Executive Board

Marianne Kock

Board of Directors

Ole Kjerulf-Jensen
Chairman

Pascal Rene Olivier Danglas

Frederik Dag Arfst Paulsen

Independent auditor's reports

To the owner of Ferring Pharmaceuticals A/S

Report on the financial statements

We have audited the financial statements of Ferring Pharmaceuticals A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations and cash flows for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

During the reading, however, we found that the management commentary is missing statement on policies for the underrepresented gender.

Copenhagen, 30.03.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Flemming Larsen
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial high-lights					
Key figures					
Revenue	1,269,951	1,206,882	1,102,920	918,716	888,276
Gross profit/loss	1,269,951	1,206,882	1,102,920	918,716	888,181
Operating profit/loss	68,730	63,554	57,238	48,182	46,931
Net financials	(1,720)	(185)	1,199	1,586	889
Profit/loss for the year	51,621	47,850	43,830	37,139	35,715
Total assets	285,673	317,926	299,301	291,336	294,097
Investments in property, plant and equipment	21,348	7,171	3,370	7,824	14,292
Equity	86,092	109,471	117,621	113,791	116,652
Ratios					
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
Net margin (%)	4.1	4.0	4.0	4.0	4.0
Return on equity (%)	52.8	42.1	37.9	32.2	31.4
Solvency ratio (%)	30.1	34.4	39.3	39.1	39.7

Management commentary

Primary activities

Ferring Pharmaceuticals A/S is an international pharma science centre of the Ferring Group, and handles activities within internal services e.g. IT and research and product development on behalf of the Ferring Group. All cost associated herewith are invoiced to the respective Ferring Group companies which own the underlying activity or research and development project and receive the service, with an agreed mark-up percentage.

Development in activities and finances

Revenue and profit for the year

Revenue increased from DKK 1,206.9 million in 2014 to DKK 1,269.9 million in 2015.

The research and product development activities increased slightly mainly due to a large phase III study. The administrative costs remained stable. The profit before tax increased from DKK 63.4 million in 2014 to DKK 67.0 million in 2015 due to the increased underlying activities and the fixed mark-up.

Investments

Investments amounted to DKK 46.5 million in 2015 against DKK 24.0 million in 2014. Investments were primarily made in equipment used in the development process and software systems. The increase comes from both categories. The increased investments in software are driven by further digitalisation of work approaches and compliance with regulations from regulatory authorities

Capital resources

Ferring Pharmaceuticals A/S has equity of DKK 86.1 million (2014: DKK 109.5 million). The financial resources consist of local cash drawing facilities and of the financial commitments within the Ferring Group. The decrease is explained by the dividend paid out being higher than results for the year.

Research and development expenses

The total research and development costs incurred amounted to DKK 1,113.9 million (2014: DKK 1,056.1 million). The development of new products is proceeding as planned. Development of new products is carried out on behalf of other group companies and costs are recognised in the income statement.

Corporate Social Responsibility

Ferring Pharmaceuticals A/S is, as a subsidiary of the Ferring Group, primarily engaged in the development of pharmaceutical products and solutions for the whole Ferring Group, to the benefit of patients worldwide. Through the Ferring Group, Ferring Pharmaceuticals A/S is actively seeking to enhance its corporate social responsibility and acts in accordance with the Ferring Philosophy. Consequently, we refer to the Ferring Group Corporate Social Responsibility policies and guidelines which can be found at www.ferring.com/en/responsibility.

Management commentary

In 2015, the Ferring Group has embarked on a journey of developing a CSR framework and approach under the CSR statement of: “Making a difference to people’s health and quality of life today and tomorrow”. Ferring Pharmaceuticals is committed to and participate in this initiative with resources appointed to developing a framework.

Ferring Pharmaceuticals A/S will ensure that this global approach is aligned and compliant with section 99a of the Danish Financial Statement Act. The CSR policy of the Ferring Group consists of four pillars:

- People: Support and develop and meet people’s needs and rights
- Business ethics: Conduct ourselves ethically in the market place
- Environment: Minimise our environmental footprint
- Community: Engage with and support the communities around us

The ambition is to move from a CSR project management approach to becoming “An acknowledged CSR practitioner in our industry”. This means that we integrate CSR management in our business thinking and, at the same time, consolidate and grow our current scope of activities. In order to do this, the Ferring Group has identified a number of CSR champions worldwide who advocate across the business to support our CSR objectives. They engage and work with our internal stakeholders to set and achieve objectives and targets for each pillar. The objective for the work with CSR in the coming year will be to build a thorough CSR inventory and develop measurements for our CSR objectives in order to monitor the progress and compliance.

In accordance with section 139a, subsection 1, of the Danish Financial Statements Act, the Company is obliged to set the targets for the share of the underrepresented gender in the Board of Directors. As the Board of Directors comprises three members, the target is that, at no point, should the Board be comprised by persons of one gender only. The Company currently does not fulfil this target. It is the expectation that the target will be met in the coming two to three years.

Additionally, the Company is also required to prepare and adopt a policy on gender equality at management levels. Ferring has adopted the Ferring Philosophy — “People come first at Ferring”. This philosophy ensures that we always strive towards doing the right thing, including compliance with local legislation. The philosophy is well documented and laid out to all employees when they commence their work at Ferring. The philosophy deals with ethics and responsibility. The requirements of section 99b are to a certain extent embedded in the philosophy. Meanwhile, the Company does not have formal policies in place in accordance with section 99b of the Danish Financial Statements Act. The representation of gender at management levels is based on skills and experience.

Management has initiated a project and expects to have established and documented formal policies during the second half of 2017.

Management commentary

Outlook

Management expects the activities to remain stable in 2016. This implies an expectation of revenue and profit before tax in 2016, to be in line with 2015.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for these financial statements are consistent with those applied last year.

Consolidated financial statements

The Entity is included in the consolidated financial statements of the Ultimate Parent Foundation Dr. Frederik Paulsen Foundation. As a result of the legislation in Switzerland, the consolidated financial statements are not published.

Recognition and measurement

Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve earning for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Danish kroner (DKK) is used as the measurement currency. All other currencies are regarded as foreign currencies.

Accounting policies

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in the financial income and expenses in the income statement.

Income statement

Revenue

Revenue consists of sale of services based on cost-plus agreements to group companies and is recognised exclusive of VAT and duties.

Research and development costs

Research and development costs include expenses for studies and clinical tests as well as related materials and salaries paid.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationary and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other financial income

Other financial income comprises interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish sister companies in the Ferring Group. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Licences are amortised over the term of the agreement, but over no more than 5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	Term of lease

The fixed assets are written down to the lower of recoverable amount and carrying amount.

Fixed asset investment

Deposits and prepaid rent are recognised in fixed asset investments and measured at amortised cost.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.

Accounting policies

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Revenue	1	1,269,951	1,206,882
Gross profit/loss		1,269,951	1,206,882
Research and development costs	3	(1,113,903)	(1,056,055)
Administrative costs	2, 3	(87,318)	(87,273)
Operating profit/loss		68,730	63,554
Other financial income		2,663	1,531
Other financial expenses	4	(4,383)	(1,716)
Profit/loss from ordinary activities before tax		67,010	63,369
Tax on profit/loss from ordinary activities	5	(15,389)	(15,519)
Profit/loss for the year		51,621	47,850
Proposed distribution of profit/loss			
Dividend for the financial year		24,000	75,000
Retained earnings		27,621	(27,150)
		51,621	47,850

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Acquired licences		41,949	24,774
Intangible assets	6	<u>41,949</u>	<u>24,774</u>
Other fixtures and fittings, tools and equipment		15,219	20,156
Leasehold improvements		2,699	4,953
Property, plant and equipment in progress		17,564	346
Property, plant and equipment	7	<u>35,482</u>	<u>25,455</u>
Deposits		50,078	24,392
Fixed asset investments	8	<u>50,078</u>	<u>24,392</u>
Fixed assets		<u>127,509</u>	<u>74,621</u>
Receivables from group enterprises		14,204	150,080
Other short-term receivables		21,419	8,751
Prepayments	9	121,573	82,606
Receivables		<u>157,196</u>	<u>241,437</u>
Cash		968	1,868
Current assets		<u>158,164</u>	<u>243,305</u>
Assets		<u>285,673</u>	<u>317,926</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital		500	500
Retained earnings		61,592	33,971
Proposed dividend		24,000	75,000
Equity		<u>86,092</u>	<u>109,471</u>
Provisions for deferred tax	10	9,360	6,872
Provisions		<u>9,360</u>	<u>6,872</u>
Trade payables		92,056	111,710
Debt to group enterprises		9,416	12,284
Income tax payable		3,129	3,776
Other payables		85,620	73,813
Current liabilities other than provisions		<u>190,221</u>	<u>201,583</u>
Liabilities other than provisions		<u>190,221</u>	<u>201,583</u>
Equity and liabilities		<u><u>285,673</u></u>	<u><u>317,926</u></u>
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Related parties with control	14		
Ownership	15		

Statement of changes in equity for 2015

	Contri- buted capi- tal DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	500	33,971	75,000	109,471
Ordinary dividend paid	0	0	(75,000)	(75,000)
Profit/loss for the year	0	27,621	24,000	51,621
Equity end of year	500	61,592	24,000	86,092

Cash flow statement 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Operating profit/loss		68,730	63,554
Amortisation, depreciation and impairment losses		19,293	15,967
Working capital changes	11	<u>(59,814)</u>	<u>(10,703)</u>
Cash flow from ordinary operating activities		28,209	68,818
Financial income received		68	933
Financial income paid		(692)	(275)
Income taxes refunded/(paid)		<u>(13,650)</u>	<u>(16,982)</u>
Cash flows from operating activities		13,935	52,494
Acquisition etc of intangible assets		(25,150)	(16,820)
Acquisition etc of property, plant and equipment		(21,348)	(7,171)
Acquisition of fixed asset investments		(26,352)	0
Sale of fixed asset investments		<u>8</u>	<u>20</u>
Cash flows from investing activities		(72,842)	(23,971)
Incurrence of debt to group enterprises		133,007	23,254
Dividend paid		<u>(75,000)</u>	<u>(56,000)</u>
Cash flows from financing activities		58,007	(32,746)
Increase/decrease in cash and cash equivalents		(900)	(4,223)
Cash and cash equivalents beginning of year		<u>1,868</u>	<u>6,091</u>
Cash and cash equivalents end of year		968	1,868
Cash and cash equivalents at year-end are composed of:			
Cash		<u>968</u>	<u>1,868</u>
Cash and cash equivalents end of year		968	1,868

Notes

	2015 DKK'000	2014 DKK'000
1. Revenue		
Switzerland	1,269,565	1,206,882
Other	386	N/A
	1,269,951	1,206,882
	2015 DKK'000	2014 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	299	257
Other services	22	50
	321	307
	2015 DKK'000	2014 DKK'000
3. Staff costs		
Wages and salaries	346,555	326,537
Pension costs	34,230	33,319
Other social security costs	3,596	3,813
	384,381	363,669
	2015 DKK'000	2014 DKK'000
Average number of employees	467	463
	Remune- ration of manage- ment 2015 DKK'000	Remune- ration of manage- ment 2014 DKK'000
Total amount for management categories	4,469	3,883
	4,469	3,883
	2015 DKK'000	2014 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	320	0
Exchange rate adjustments	3,691	1,266
Other financial expenses	372	450
	4,383	1,716

Notes

	2015	2014	
	DKK'000	DKK'000	
5. Tax on ordinary profit/loss for the year			
Current tax	12,901	15,811	
Change in deferred tax for the year	2,488	(292)	
	15,389	15,519	
6. Intangible assets			
Cost beginning of year		54,391	
Additions		25,150	
Cost end of year		79,541	
Amortisation and impairment losses beginning of year		(29,617)	
Amortisation for the year		(7,975)	
Amortisation and impairment losses end of year		(37,592)	
Carrying amount end of year		41,949	
	Other fix- tures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000	Property, plant and equipment in progress DKK'000
7. Property, plant and equipment			
Cost beginning of year	131,794	35,038	346
Transfer to and from other items	533	(53)	(505)
Additions	3,137	488	17,723
Disposals	(10,837)	0	0
Cost end of year	124,627	35,473	17,564
Depreciation and impairment losses beginning of the year	(111,638)	(30,084)	0
Transfer to and from other items	(30)	53	0
Depreciation for the year	(8,575)	(2,743)	0
Reversal regarding disposals	10,835	0	0
Depreciation and impairment losses end of the year	(109,408)	(32,774)	0
Carrying amount end of year	15,219	2,699	17,564

Notes

	Deposits DKK'000
8. Fixed asset investments	
Cost beginning of year	24,392
Additions	25,686
Cost end of year	50,078
Carrying amount end of year	50,078

9. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, etc as well as the balance of material of IMPs (Investigational Medical Products) and APIs (Active Pharmaceutical Ingredients).

	2015 DKK'000	2014 DKK'000
10. Deferred tax		
Intangible assets	9,229	7,928
Property, plant and equipment	115	(1,009)
Fixed asset investments	16	(47)
	9,360	6,872

	2015 DKK'000	2014 DKK'000
11. Change in working capital		
Increase/decrease in receivables	(50,967)	(30,936)
Increase/decrease in trade payables etc	(8,847)	20,233
Other changes	0	0
	(59,814)	(10,703)

	2015 DKK'000	2014 DKK'000
12. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	108,514	128,832

Notes

12. Unrecognised rental and lease commitments (continued)

On 23 January 2015, the Group has signed a business lease agreement. The agreement covers the construction and lease of premises for the R&D organisation in Copenhagen. The commencement date of the lease is estimated to be 1 January 2019. The Company has committed to a 15 year lease term at an annual rent as a percentage of the construction costs. The annual rent is currently estimated between to be EUR 7.7 million and EUR 8.9 million and it is subject to an agreement regarding construction costs. In 2015, the Company has paid a deposit of EUR 3.4 million which will be adjusted to 6 months' rent at a later stage and will stay as a fixed deposit until the termination of the lease agreement. The lease of the current premises terminates at the end of 2016. The Company is currently discussing the terms of prolonging this lease until the end of 2018.

13. Contingent liabilities

Contractual obligations related to research and development activities amount to DKK 905,308 thousand.

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

14. Related parties with control

Below-listed companies, performing a management function, have a controlling interest.

Parent Foundation:

Dr. Frederik Paulsen Foundation
Chemin De La Vergognausaz 50
1162 Saint-Prex, Vaud, Switzerland

Intermediate Parent:

Ferring Holding S.A.
Chemin De La Vergognausaz 50
1162 Saint-Prex, Vaud, Switzerland

Immediate Parent:

Ferring B.V.
Polarisavenue 144
2132JX Hoofddorp
The Netherlands

Notes

15. Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital

Ferring B.V.
Polarisavenue 144
2132JX Hoofddorp
The Netherlands